

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Forestry and Wildlife
Honolulu, Hawaii 96813

October 26, 2018

Chairperson and Members
Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Land Board Members:

SUBJECT: REQUEST FOR APPROVAL FOR SELECTION OF A COMPETITIVE SEALED PROCESS FOR A CARBON CERTIFICATION PROJECT IN KAHIKINUI FOREST RESERVE AND NA KULA NATURAL AREA RESERVE, HANA, MAUI COUNTY, TAX MAP KEYS: (2) 1-8-001:006 PORTION

This board submittal requests approval to issue a Request for Proposals (RFP) under the competitive sealed proposal process for the purposes of soliciting for a carbon certification project in Kahikinui Forest Reserve and Na Kula Natural Area Reserve in the Leeward Haleakala area of Hana District, Maui County, Tax Map Key (TMK) (2) 1-8-001:006 portion, pursuant to Chapter 103D-303 Hawaii Revised Statutes (HRS) and Chapter 3-122 subchapter 6 Hawaii Administrative Rules (HAR).

BACKGROUND

The Division of Forestry and Wildlife (DOFAW) is exploring options for new revenue streams from the various ecosystem services provided by the lands under its jurisdiction to supplement funding of natural resource management activities. Carbon sequestration (i.e.: the long-term storage of atmospheric carbon dioxide to mitigate for global climate change) is an ecosystem service for which a market, for both compliance and voluntary carbon offsets, already exists. A forest carbon project directly contributes to several objectives in the sustainable Hawaii Initiative and the Aloha+ Challenge Declaration specifically increasing the area of healthy forests, reversing the trend of natural resource loss, improving watershed protection, and restoring native species by 2030. Additionally, forest carbon projects can contribute to the State of Hawaii carbon neutrality goals by accounting for the uptake of carbon dioxide from the atmosphere by growing trees and forests.

Over the past several years, DOFAW and partners have been actively reforesting the slopes of Leeward Haleakala in hopes of restoring the native forest historically known to this area while mitigating climate change impacts via sequestering carbon dioxide. The ongoing forest restoration project is part of the Leeward Haleakala Watershed Restoration Partnership (LHWRP), a voluntary watershed protection alliance of 11 landowners that encompasses 43,000 contiguous acres of Leeward Haleakala. The region was once a native *Acacia koa*-ohia dominated montane mesic forest and important habitat for the federally listed Hawaiian Hoary bat and several native forest

birds. Due to uncontrolled grazing animals (ungulates), the native forest has been largely eliminated across much of the landscape and replaced by fire adapted, non-native invasive grasses. The Division and its partners are working to convert this degraded pastureland back to native forest to sequester carbon, reduce erosion, increase water supply recharge, re-establish endangered species habitat, and mitigate wildfire threats by removing fire adapted invasive plants, and planting native trees that support many other natural and cultural benefits.

In the last three years, DOFAW and partners have constructed 9.9 miles of ungulate proof fencing, removed 698 ungulates, created 50 acres of fuel breaks, and planted over 165,000 seedlings. Current activities include continued planting of native seedlings across a minimum of 340 acres in the Kahikinui Forest Reserve (FR) and 175 acres in the Nakula Natural Area Reserve (NAR). The Division is also installing and maintaining at least 7.3 miles of firebreaks throughout the area to protect against wildfires. Within both Kahikinui FR and Nakula NAR, DOFAW controls invasive weeds that would suppress the establishment of the native plants. While DOFAW has already secured funding to begin this restoration effort, the certification of the carbon project under an established carbon forestry standard would generate revenue via the sale of carbon offsets (created through reforestation activities and associated with the tree growth) to maintain and continue planting efforts in the region. Creating additional revenue streams through certification of the landscape-level restoration project at Kahikinui FR and Nakula NAR under an established voluntary forest carbon standard and sale of carbon offsets will lay the groundwork for long-term maintenance support for forest management as well as further reforestation of the region.

The Division proposes to certify a reforestation project operated by DOFAW under an established forest carbon standard at Kahikinui FR and Nakula NAR. In order to participate in voluntary or compliance carbon markets, projects must be first registered and certified that they are an eligible carbon project in order to sell carbon offsets. These offsets are then made available to interested buyers looking to offset their carbon footprint. The rigorous certification process requires accounting and projecting carbon stocks, risk assessments, review of management practices, among several other requirements. There are several national and international organizations that provide forest carbon certification and carbon offsets, sold on voluntary or compliance markets, that are almost exclusively certified with a carbon standard. Certification ensures that the project meets international standards in carbon offset crediting and accounting and provides increased access to potential buyers of carbon offsets. Different carbon standards vary in their requirements for certification, including eligibility, project term, monitoring, and verification of carbon offsets generated through forestry projects. The Division has previously reviewed and analyzed four major voluntary forest carbon standards in context to the Department's participation in such a program. Participation in compliance markets, such as the California cap-and-trade system, is not currently available for Hawaii-based forest carbon projects.

DISCUSSION

As this type of project is relatively new to the State, the Division is recommending a competitive sealed proposal process to solicit for the certification of a carbon forestry project at Kahikinui FR and Nakula NAR. The competitive sealed proposal process will provide for competition while allowing the review of proposals on multi-merits, thus ensuring the State's interests are best served. A competitive sealed proposal process for this solicitation will be the most advantageous procurement process for the solicitation, which is determined by the following:

- 1) The primary consideration for the determination of the awards for this RFP is not revenue.
- 2) The contract(s) will be other than a fixed-type price.
- 3) Oral or written discussion may need to be conducted with the Applicants concerning technical aspects of their proposals.
- 4) Applicants may need to be afforded the opportunity to revise their proposals.
- 5) Awards may need to be based upon a comparative evaluation as stated in the request for proposal of differing certification requirements, quality, services and other contractual factors in order to determine the most advantageous offering to the State.

Pursuant to HAR § 3-122-43, a determination by the Department procurement officer must be made for the use of the competitive sealed proposal process over the competitive sealed bidding process when the competitive sealed bidding process is neither practicable nor advantageous to the State. Additionally, pursuant to HAR § 3-122-45, a determination must be made by the procurement officer that an evaluation committee, selected in writing by the procurement officer, shall evaluate the competitive sealed proposals.

The Division recommends the use of an evaluation committee for the selection of the proposals because an evaluation committee will allow for a subjective choice of the most appropriate proposal for the project. Further the evaluation committee must consist of at least three government employees with sufficient qualifications in the area of the goods or services to be procured. The Division recommends the following individuals to be on the evaluation committee:

Scott Fretz, DOFAW (State, Maui District Manager)
Philipp LaHaela Walter, DOFAW (State, Resource and Survey Forester)
Irene Sprecher, DOFAW (State, Forestry Program Manager)
Lance DeSilva, DOFAW (State, Maui District Forestry Supervisor)

Additionally, should any of the committee members above be unable to participate, the Division requests that the Board authorize the Chairperson to appoint alternates or recommend that the committee be reduced by one member should the need arise. After proposals are received and evaluated by the evaluation committee, the Division will return to the Board for award of the RFP to qualified entity or entities.

CHAPTER 343 – ENVIRONMENTAL COMPLIANCE

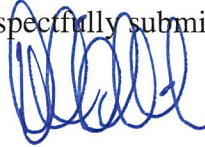
Chapter 343, Hawai'i Revised Statutes (HRS), and Section 11-200-8, Hawai'i Administrative Rules (HAR) does not apply since the funds will be used for feasibility and planning activities necessary for the forest carbon certification, pursuant to §343-5(a)(1), HRS.

RECOMMENDATION:

That the Board approves:

- 1) The authorization of the Chairperson to issue a competitive sealed process for the solicitation of a forest carbon certification at Kahikinui Forest Reserve and Nakula Natural Area Reserve;
- 2) The use of an evaluation committee comprised of the individuals identified above to serve, evaluate, and select the competitive sealed proposals;
- 3) The authorization of the Chairperson to appoint evaluation committee alternates or recommend that the committee be reduced by one member should the need arise; and
- 4) The authorization of the Chairperson to award the proposal selected by the evaluation committee and to execute and amend a contract with the selectee.

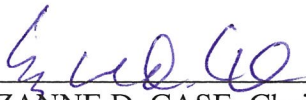
Respectfully submitted,



David G. Smith, Administrator
Division of Forestry and Wildlife

Attachments:

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE, Chairperson
Board of Land and Natural Resources